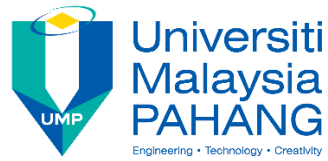


ECONOMIC EFFECTS OF ABANDONED ONGOING HOUSING PROJECT IN SELANGOR

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B. ENG (HONS.) CIVIL ENGINEERING

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SUPERVISOR'S DECLARATION

I hereby declare that I have checked this thesis and, in my opinion, this thesis is adequate in terms of scope and quality for the award of the Bachelor Degree of Civil Engineering

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STUDENT'S DECLARATION

I hereby declare that the work in this thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Malaysia Pahang or any other institutions.

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ABSTRAK

Penyelidikan ini bertujuan untuk menangani isu-isu mengenai kesan ekonomi ke atas peninggalan harta kediaman dan projek perumahan di Selangor. Objektif penyelidikan adalah untuk menentukan punca, kesan dan kesan ekonomi dari projek perumahan yang sedang ditinggalkan. Selain itu, takrif ditinggalkan adalah menyerah atau menghentikan projek atau projek kediaman yang sedia ada dan mengeluarkan tanggungjawab seseorang yang diberikan kepada orang yang bertanggungjawab bahu. Kajian ini mengenai punca-punca dan kesan Selangor projek perumahan yang terbengkalai di Selangor akan meliputi semua kes-kes di atas projek perumahan yang sedang ditinggalkan di Selangor dengan berhati-hati memeriksa sebab-sebabnya. Ia juga akan menanggung akibat projek perumahan terbengkalai yang terbengkalai di kawasan yang terjejas. Hasil kajian ini dianalisis dengan menggunakan dua kaedah iaitu; 1) Indeks Kepentingan Relatif 2) Analisis Kekekapan. Selain itu, Selangor mempunyai kadar perumahan terbengkalai tertinggi berbanding 14 negeri di Malaysia. Di Negeri Selangor, daripada jumlah projek perumahan terbengkalai, 82 projek, 67% telah berjaya disiapkan atau disiapkan oleh JPN. Walaupun 5 projek atau 6% berada dalam pelbagai peringkat pemulihan / pembinaan dan 21 projek yang tinggal atau 27% adalah dalam perancangan pemulihan awal. Seterusnya, variasi penyebabnya, yang disediakan dari hasil soal selidik yang telah dianalisis, isu paling kritikal adalah masalah kewangan klien yang paling tinggi. Di samping itu, di antara semua sebab-sebab yang berkaitan dengan peninggalan projek rumah, masalah kewangan klien dari sebab-sebab yang berkaitan dengan klien mempunyai pangkat tertinggi RII ($RII = 0.811$) yang sesuai dengan cadangan penyebab kajian ini yang merupakan isu kewangan. Hasilnya adalah keuntungan dari soal selidik yang diedarkan kepada pihak-pihak yang terlibat dengan masalah projek perumahan terbengkalai. Kajian ini adalah untuk mengenal pasti semua kaedah untuk mengurangkan projek perumahan terbengkalai kerana ia akan menjejaskan ekonomi sesebuah negara. Kesan bahawa penghapusan bangunan dan projek kediaman yang tidak berkesudahan akan membawa beberapa kesan ke atas hartanah dan nilai-nilainya dan ekonomi tidak dapat dinafikan kerana beberapa bangunan terbengkalai dan projek-projek pembangunan menyediakan perkhidmatan asas yang harus meningkatkan sifat sebenar yang dibangunkan. Hasil kajian ini akan mendidik masyarakat umum tentang sebab-sebab dan kesan peninggalan projek perumahan yang berterusan di Selangor dengan tujuan untuk mengurangkan masalah pembuangan projek perumahan yang berterusan di Selangor.

ABSTRACT

The research is to deal with issues regarding on economic effects on abandonment of residential properties and housing project in Selangor. The objectives of the research are to determine the causes, effects and economic effect of ongoing housing project abandonment. Furthermore, the definition of abandoned is giving up or stopping on existing project or residential project and to pull out one's responsibilities that have been given on person in charge shoulder. This study on the causes and Selangor effect of abandoned ongoing housing project in Selangor will cover all the cases on abandoned ongoing housing project in Selangor carefully examining the causes. It will also cover the consequences of the abandoned ongoing housing project in the affected area. This result of this research is analyzed by using two methods, which are; 1) Relative Importance Index 2) Frequency Analysis. Besides that, Selangor has the highest rate of abandoned housing project compared to 14 states in Malaysia. In Selangor State, from the total amount of abandoned housing project, 82 projects, 67% have been successfully completed or completed by JPN. While 5 projects or 6% are in various stages of rehabilitation / construction and the remaining 21 projects or 27% are in the initial planning of recovery. Next, the cause's variation, provided from the questionnaire results that have been analyze, the most critical issues are client's financial problems which it has the highest. Besides that, among all the related causes of house project abandonment, client's financial problems from client-related causes has the highest RII rank ($RII=0.811$) which suits the propose causes of this study which are financial issues. This result is gain from the questionnaire distributed to the parties involve closely to the abandoned housing project problems. This study is to identify all methods to reduce the abandonment housing project in as it will affect the economics of a country. The impact that the never-ending abandonment of residential buildings and projects would bring several effects on real properties and its values and the economy cannot be overemphasized since some of the abandoned buildings and development projects provide the basic services that should enhance the real properties developed. The results of this study will educate the general public on the causes and effect of abandonment of ongoing housing project in Selangor with a view of reducing the issues of ongoing housing project abandonment in Selangor.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

It is shocking to know that the abandonment rate of housing project in Selangor increasing each year as the unceasing event happen in one of the developing state in Malaysia, Selangor. This never-ending event of abandonment of housing project in Selangor will leads to an unfortunate effect to the country. As this event keep on going on, it will affect the market price and value on the property that is at state of advancement. Thus, the economy that is going towards enhancement will be misled by this unfortunate event as the housing project gives basic needs and services that can make changes to the real properties growth.

The definition of abandoned projects by the Ministry of Urban Wellbeing, Housing and Local Government (MHLG) is more detail and comprehensive. According to the MHLG, a housing project is abandoned when the projects are not completed within or later than the delivery date stated in the first Sale and Purchase Agreement and no significant activity is noticed at the construction site for six (6) continuous months, or petition for winding up has been registered in the High Court under Section 218 of the Companies Act 1965 or other related laws, or the licensed housing developer is wound up and placed under Receivership, Liquidator or the Malaysia Department of Insolvency (MDI), or licensed housing developer is notified in writing to the Housing Controller that they are unable to continue further with the development of the project; and lastly if certified by the MHLG under Section 11 (1) (c) of Housing Development (Control and Licensing) 1966 (Act 118) that the housing project is an abandoned project. Based on this research, the definition of abandoned is giving up or stopping on

existing project or residential project and to pull out one's responsibilities that have been given on person in charge shoulder. The act of stopping activities or maintenance works at a residential project during the period of development of a given project that was agrees in the contract agreement and has no intention of coming back to finish work of construction is also one of the known definition of the abandonment of a developed housing project.

In this research, three causes are being investigated which are; mismanagement, financial issues and law related to construction industry. First, the definition of management of this research is coordinating and organizing the activities that are going to be done during the construction phase in order to achieve the objectives and goals of the housing project constructed. There are many factors to be considered during the construction phase. An engineer should foresee the factor of production including the management of machineries, materials use, and money flows (S-Curve). The person who are involved in the construction phase should foresee the possibilities that might hits in the future during the construction phase to the residences and ongoing project to avoid delays or worse, abandonment of a project.

Next, mismanagement in a construction are one of the major factor that causes the abandonment rate of residential and housing project in Selangor fluctuate each year. Due to lack of experience of developers may have led to mismanagement (Ibrahim 2006). Examples of mismanagement that may lead to abandoned housing projects include 1) lack of proper feasibility studies (Ibrahim 2006) particularly market research inaccuracy (Khalid 2010; Kong 2009), 2) unattractive marketing strategies (Ibrahim 2006), 3) fraud (MHLG, as cited in Kaur 2011; Khalid 2010), 4) project participants conflicts (Dahlan 2010), and 5) financial management is not well managed by the developers (Ibrahim 2006; Khalid 2010).

In this study, finance will be investigated as one of the factors of abandonment of housing project. Finance is defined as managing, creating and study of money, assets liabilities that will shape the financial systems, banking and financial instrument study. Based on the existing study that have been done financial problems are to be stated to

be one of the causes of abandoned housing project. For instance, increases in project costs (Teoh & Lim n.d.) may be due to mismanagement or unfavourable economic conditions; and, the lack of proper feasibility study to determine the right type of development and unattractive marketing strategy in selling the house of undergoing housing project will ultimately affect the sales. Thus, this will lead to financial problem as the money from sales will be used to pay the contractor accordingly to the agreed percentage.

Lastly, the cause that is study in this research is the law related to construction industry. Laws that have been drafted by the government are; Sell and build system is included in the 1) Government policies (Chang 2009), the unavailability of Home Indemnity Insurance (Ibrahim 2006), 3) the limitation of the jurisdiction of the Tribunal for Homebuyer Claims (Ibrahim 2006), and 4) the requirement for private developers to build 30% of low cost houses (Khalid 2010). All these policies have been proven and studied by researchers.

1.2 Statement of the Problem

The concerns of this abandonment event are the causes and effects on the economics of the country. Therefore, this study purpose is to identify causes, effects and economic effect of abandonment of on-going housing project in Selangor. The economic effect that will be investigated is the cost of reviving abandoned properties in Selangor. As the result of non-stop abandonment of housing project in Selangor, the expected properties and its market value in Malaysia are assumed to be worsening. By exploring this context should help in establishing and recognize the causes and effects of abandonment of on-going housing project in Selangor to the citizens, governments, educationalist, policy makers and practitioners. Through this research, it is to eliminate the effects identified and sustaining possible properties values in the economy.

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